

**Memphis and Shelby County  
Metropolitan Government Charter Commission**

**Transcript of Presentation by former Mayor Stephen Goldsmith,  
Indianapolis/Marion County  
March 4, 2010  
4:00 p.m.**

**Presentation on Indianapolis' Consolidated Government and Centralized Services  
by Stephen Goldsmith, former Mayor of Indianapolis**

CHAIRMAN ELLIS: At this point, it is a real privilege for me to welcome Stephen Goldsmith to Memphis and to our Charter Commission effort. I have given Steve some background on what we are doing and what we are committed to do under the Tennessee Legislation and the Tennessee Constitution. And that is to table a charter on August 10th or before and that charter will be voted November 2nd by the electorate inside the City and the electorate outside the city, within the County limits. That effort, I have explained to him has been going on since November. We are organized in 12 task forces that will begin reporting out. You will hear some of this discussion as to our schedule for both April and May after we hear from Stephen Goldsmith. I know that you all have his bio, for the people in the audience that don't know, he is probably one of the most successful innovators in our country. He has led an incredible City of Indianapolis, which is also one of our four benchmark cities that we are using to study for purposes of looking at charters and organization of government that would be a guideline for us. He is, today, with the Kennedy School, and leading innovation. To that end, he also is working with what we are, and that is volunteers. The 15 people you see up here are not elected officials except for Mayor Hodges, but we are – he is a Commissioner when he is here and I apologize that he is not here for this meeting. But we are volunteers that are – have committed to do a job for the citizens of this city and county and to that end, Stephen Goldsmith is chairing an incredible volunteer organization and he chairs the board of this and he will tell you a bit about it because it is truly what is going to, I think, reinvigorate our country and it is certainly a huge part of what we have in Memphis, Tennessee, and that is incredible civic volunteers. With that, Stephen Goldsmith, I am delighted to have you, and Alena, welcome, welcome to Memphis. Thank you so much, both of you, for being here.

MAYOR GOLDSMITH: I am supposed to sit here, I assume.

CHAIRMAN ELLIS: You have the hot seat.

MR. GOLDSMITH: I know. Thank you, Madam Chair, for the introduction. \*\*\*...\*\*\*.

CHAIRMAN ELLIS: That would be the press.

MAYOR GOLDSMITH: That will be a very inauspicious start.

CHAIRMAN ELLIS: And Rev. Walker, Meade Walker is joining us. Commissioner Walker, welcome.

MAYOR GOLDSMITH: Thanks for the introduction. I am mostly come to just make a few comments and answer your questions. I am honored to be here and don't come with a prescription for Memphis/Shelby County, just a few stories about Indianapolis. I appreciate the introduction. I will, momentarily, explain your introduction in this following context. I have been – I was in county government for 12 years and city government for eight years and I have a great belief that the quality of public servants can improve the quality of communities. However, that operates inside this kind of concept that what makes for a great community, right, is the people in the community and I am privileged – I worked under President Bush and President Obama to chair the Corporation of Community Service, the federal agency that is the parent of volunteers in general in the country, Vista, Americore and a host of other kinds of programs, so, it is nice to see that in our communities, and obviously, particularly, in this one, there is a great resurgence of community support, and interest in service. Let me just make a couple of comments. So, you have my sympathy is the way I like to start because there is no answer for the problem you are addressing, right? There is no this is right and this is wrong and the research shows this and the research doesn't show this. There is no answer. A lot of it is driven by local issues. It is driven by local personalities and a whole host of other things and there is no simple answer. Secondly, in the debates around country on this issue, I may be looking most recently at Louisville/Jefferson County, the answer – and this is true in Indianapolis, isn't should we consolidate or should we not, it is kind of what should be consolidated and what shouldn't be consolidated. Because it is not – there is no single scale for a public service. I mean, it would be remarkable, right, if we said the county line is the perfect line and everything should be done at that scale, right; water, waste water, police, traffic, parks, public health and the answer is in public service, some things are neighborhood-based and some things are county-based and some things are regional based, and some things are state and there is not kind of neat jurisdiction that answers those things. So, I say you have my sympathies because you kind of have to weave your way through the local conditions to kind of figure out what the right answer is. The next point -- although Indianapolis is held up as a consolidated government, and I was the Mayor and the County Executive, essentially, so as I mentioned at lunch, it was great when the county and city had to negotiate with each other, and since I was the leader of both, I could always reach an agreement that I thought was appropriate. But the fact of the matter is that Indianapolis had dozens of remaining tax jurisdictions after the consolidation. We had four incorporated small cities. We had some towns. We had some kind of – other types of political animals that had even less, you know, responsibility and over and above that, we had some very strong neighborhood organizations that had increased opportunities for input; and an actively involved city council with 29 districts that represented those folks. So all of which is to say that even though we are widely held up as a consolidated government, we were consolidated in the broad sense, but lots of small units, that in my experience, provided very good service for their residents. So, just as second about the Indianapolis model -- so, land planning was centralized. The

transportation department was centralized, except the small cities retained local roads. The police and fire were consolidated 20 years after the original consolidation when folks finally realized the efficiencies. And schools never were consolidated, unlike Louisville/Jefferson County. Louisville/Jefferson County actually consolidated the schools \*\*\*...\*\*\* city and county. Indianapolis never consolidated the schools. Folks wanted to be able to touch and feel the neighborhood schools and there is not a lot of experience that bigger is better in the schools anyway. So there was kind of a mixture of things. When I was mayor, I actually decentralized code enforcement because I thought the mayors of the small towns would do a better job of enforcing their own violations of zoning issues and code enforcement than centralizing that in the city and so there was kind of this mixture of resources and in fact, some of the parks were by the little cities and some of the parks were by the county, but the larger parks are by the county. The end of the story is, we had a centralized department of public works; a centralized department of transportation. Eventually we consolidated public safety, planning and to some extent budgeting. Obviously, I thought it worked because I was there and it gave me the authority to do what I wanted, but I would say that there have been, I think, regular efficiencies in Indianapolis as a result of the consolidation. But those efficiencies take rigor and attention and there is a -- without strong public leadership, there is a tendency for public organizations to accrete in size and there has to be something in the structure that looks at the powers of the chief financial officer, the reporting to the city council, the performance measurements, something that holds up to the bright light of day, these issues of efficiency so that one can keep the costs, create the benefits of the cost structure. When I took over as mayor -- there used to be a ranking by some magazine called, *City and County Magazine*, I think it was called, and we had the lowest number of public employees per 10,000 residents and when I left office, without actually laying off a union workers, our civil servants, were 40% lower than when I started. In other words, we started at the bottom in terms of numbers of public employees -- not in terms of quality, I hope -- and over time, then we were able to use the strong authorities inside the consolidated city to further reduce and attrite and retire many of the levels of bureaucracy and push the money down into infrastructure programs to benefit the city. At the end of my eight years, we were able to do three tax decreases, \$1 billion of infrastructure and dramatically improved the quality of public services. A couple of other comments -- it feels to me like what is exciting about what you are doing, is that it is a chance to restructure government and provide the right tools, not per se, a chance to consolidate government, right? Because if consolidation means you take A and B and C and you put them together and assume that it is necessarily going to be better, that may not be the case. If it says, look, this is a really great chance. We have excellent public leadership. We have a community that cares. And we are going to look at the best of public transparency. We are going to look at the best of ethics. We are going to look at the best of CFO and inspector generals and kind of what structure would most produce a quality of public services for Shelby County/Memphis, that seems pretty exciting. So, I guess in my -- my comments would be that the extent to which you focus on -- what are the structures most likely to produce a quality government, knowing that in the end, it is all about people, right, and if the voters elect the right man or woman, they are going to -- and that person has the tools, then they are going to get a quality government. And what we saw a lot in the 90s was

that when cities came from tough times, the cities that had strong leaders with strong authorities were remarkably – did remarkably well kind of rebuilding themselves. But it is obviously the congruence of the two. Finally, and maybe this is just because this is where I was, but I thought one of benefits that Indianapolis had, maybe one of the more significant benefits, is that we -- on economic development transactions, we spoke with a single voice. I mean, I could make deals and shake hands and deliver. We had a development commission that had public hearings, was very open, but was very quick to respond, and we had a strategy that I was able to execute. And the ability to not to have to negotiate jurisdiction to jurisdiction – of course, I was responsible to the consolidated city/county council, but the ability to not have to do this on really large deals was significant. And whether I was looking at kind of resurgence of downtown or bringing jobs to the suburbs or whatever, the consolidateds speak with a single voice, leader of the city/county delegation, I thought was one of the more important functions that I had and viewed myself, as, essentially, as I know your public officials do, as kind of full time salesman and women and cheerleaders for the community. So, that is just a little bit, Madam Chairman, members of the Commission on kind of the Indianapolis experience. I will be happy to go into more detail. Thank you.

CHAIRMAN ELLIS: Mayor Goldsmith, would you talk about innovation from the Harvard perspective and what you are really recommending to some of the cities that you are dealing with and in that structure? Once you talked about horizontal and vertical structures, we are all about structure in this group of 15 because we have to write this – what I call this elephant.

MAYOR GOLDSMITH: Now, I – Madam Chairman, I think that FedEx is somewhat more innovative than the City of Indianapolis, so I speak with some level of some kind of discomfort in responding to your question here. A couple of items – so – the problem is that innovation does not come easily inside large bureaucracies, especially large bureaucracies that are not subjected to competitive pressures. I mean, if you don't like FedEx, you can go to the post office or whatever the case may be and you exercise your authority as a customer, therefore, you innovate in order to keep my business. But, I have been studying social innovations, innovations in how to improve education; how to stop homelessness and the like now, for a couple of years, interviewing over 100 innovators, social innovators. And if they have a good idea in Indianapolis, doesn't necessarily mean it gets picked up in Memphis or vice versa because there is no kind of market for those ideas. It has to be an intentionality about the innovation. Secondly, in my experience in Indianapolis, and I had a – I ended up with – I didn't start – I started with a not very good relationship with my eight AFSME unions. I ended up with a really good relationship with them. The path was a bit rocky to go from here to there, but I started with a bias against the public employees, even though I had been one for 12 years, but then the more I worked with them, and I worked with them every week. I went out on the job; I did the work. The more I realized the men and women who were actually out there doing the work were really talented folks, but they were working under these really awful public monopolistic, bureaucratic systems. They had very little discretion; very little authority. They couldn't solve problems, ergo specific assignments. Their assignments were demeaning and it was kind of – I think it affected

their self respect about their job because most people work for the County of Shelby or the City of Memphis or Indianapolis because they actually want to help people, right? People don't take public service jobs in order to not do something for folk. But they are trapped in bad systems. So, we did inject a fair amount of competition in the system. We provided consulting services to our unions and told them they could rework their jobs; eliminated their job classifications; told them they could earn performance bonuses and – by the way, said, "Look if there is somebody, a private company in our community that provide a higher quality of service for half the price, we are going to let them bid. So prove your worth." So, we had to come up with a format to inject innovation. Two more really quick questions – quick responses – and next is that really professional governments tend to have a promotion process that it says, you enter as a junior engineer and you end up as the top traffic engineer at the end of your career. So, your job is to progress up the silo as an engineer or fill in the blank. But the problem with that is that you become a functional specialist, but not a geographic specialist. You don't own a part of Shelby County. You are not responsible for a neighborhood and we had to create these cross-cutting teams so we want everybody in city government and then advocates in particular, to be in charge of a community, right? Somebody had to represent the neighborhood, put together the folks in that neighborhood and drive innovation that said we need to be geographically responsive. When I asked – this is one of the things that I think you could do, if you consolidate, is that – and I don't know how this worked at FedEx, but I had – depending on how you count hospitals and airports and convention centers and the like – but I had about 7 to 10,000 employees. Let's call it 7,000, it depends on what units you put in there, that – and I appointed 100 of those 7,000 people, maybe. We were a strong mayor form of government, so I got to pick 100 of the 7,000. But the leaders of those agencies soon became, inadvertently, captive of the information in those agencies. That is to say, the head of transportation who took over, no matter how well intentioned she was, became kind of captive of the working system in the transportation department. So, what we created was an office of enterprise development, an innovation office in the mayor's office and you see this in some governors' offices across the country and their job is to challenge the existing work processes, to evaluate their numbers, to benchmark them against other cities; to invite in competition, to shop new ideas, to look at the best of technology. Houston and Boston are actually creating innovation centers to bring the best of technology innovations inside government, intentional innovation centers attached and authorized by the mayor. So, I think that if one were to consolidate, accreting a structure which encourages innovation in one of those manners would be helpful.

CHAIRMAN ELLIS: I am going to turn it open for questions from the Commissioners and I see Commissioner Orgel.

COMM. ORGEL: Mayor, the – thanks for being here, by the way. And we were looking at your charter, and you mentioned economic development. I think that is a hallmark of what we are trying to accomplish going forward. The guts of your charter, unless I missed it, did not really include much on economic development. Did that all get put together afterwards' after the consolidation took place? Was that developed over time?

And explain how, you being the head cheerleader, did you have somebody over the economic development team while you were mayor?

MAYOR GOLDSMITH: I wasn't there when we consolidated. I mean it was well before me. So, our charter is essentially our state law, but that state law provided Indianapolis a fair amount of home rule which is really important. The city council for the consolidated city of Indianapolis and Marion County has more authority under state law than many other cities in Indiana to modify the processes. Much of the economic development process was authorized in the original state statute which consolidated the city and the county, but developed by city ordinance – city/county ordinances over the ensuing 20 years. I don't know whether it was – and so there are some statutory economic development organizations, but essentially the way it worked in Indianapolis, I don't know if this was executive order – must have been city/county order – authorization was we had an economic development corporation which was a quasi-government arm that had a board of public and private officials and had an executive director that was appointed upon recommendation of the mayor and approval of the board of that corporation and it would go out, represent the city and county, a little bit – not too similar to Memphis and Shelby County, but have a lot of authority and then I would – the folks inside city government were then to execute the transaction once I approved it. They were to build the road or find the money for the sewer or help organize the tax abatement or whatever the case may be. So it was an outside quasi-government organization that represented the city and the county; lots of authority under our metropolitan development commission which the planning commission had the authority to issue tax abatements and the like and then I would, essentially, deliver on the transaction through the street department, the sewer department or negotiation with the governor. Is that responsive? You look like it is not.

COMM. ORGEL: No, very responsive. I think it is an interesting approach.

COMM. WASHINGTON: Thank you, Mayor, for being present with us and these comments that you have made. You and I had a short sidebar before the meeting. In your remarks, you stated that the police and fire, I believe you said, was not consolidated until some 20 years later. In looking at charter, it looks like you have an organization called department of public safety, and when I saw that, it did not reveal what was I was anticipating and I am not going to try to regurgitate all of the various departments underneath that, but there was one thing that I saw in the charter, chapter 279 that says metropolitan law enforcement agency. I am not mistaken, that is where the police department is located, the sheriff department is underneath that and the police department has the law enforcement authority.

MAYOR GOLDSMITH: Yes, with – almost yes. So, we have a constitutional sheriff who is elected and is the chief corrections officer/jailer for the county and then we have – and that sheriff used to also have a law enforcement function in the county like your sheriff does. And then we had a public safety director who is essentially of the mayor's cabinet. It was really an administrative officer, who had under him or her, a fire chief and a police chief. Then, in what you are reading, the law enforcement of the sheriff

was then moved over – actually it has gone in both directions in Indianapolis – the reason it may be kind of idiosyncratic, but eventually the policing function was moved over inside that public safety system you mentioned and the jail and corrections still stays under the sheriff. The sheriff does not report to the public safety director, but the sheriff's law enforcement work has now been integrated into that – incorporated into that metropolitan police agency. I would say, you know, because I was a DA for a long time and kind of involved in this stuff, that even before there was consolidation, I had consolidated, either as DA or as mayor all of the IT; all of the call centers, all of the fingerprints, all of the wagons. Anything that wasn't an officer or a detective, we had consolidated. And not only did that drive efficiency, but it created career paths. So, the 911 call center now is a much more professional, career organization than when we had seven of them, one in each of the cities. So they were too small; the peaks and valleys were off; the career ladders were off; and those worked very well. They had command structures where all of the agencies that they supported were on a board, and you know, had oversight about their quality and their policies, but they essentially were consolidated and worked in one place for one commander.

COMM. WASHINGTON: A follow-up question – why 20 years later? Why not when they did the consolidation? There had to be a reason for this, and I would like to know what that reason was.

MAYOR GOLDSMITH: "It was the politics of the possible." The city and the county said, we will consolidate. You know, over time the economic vitality folks in the county thought their economic vitality required there be an economic, vital core city; and they saw that the core was diminishing and they became worried that if the core continued to diminish, that would be adverse to the county. So, they agreed with the concepts on the issues I mentioned, but they said, "However, don't mess with our schools and don't touch our beat cop." So 20 years later, still don't mess with our schools, but okay, we will consolidate the police.

COMM. WASHINGTON: Final question: A lot of folks seem to think that once we consolidate, it is all about – there will be a bucket over here that all of this money that we will be saving as a result of consolidating, will be poured into. I beg the difference and I think that if that is the reason why we are talking about consolidating, as opposed to innovation and efficiency, then we are at it the wrong way. What is your feeling about that?

MAYOR GOLDSMITH: If you were to consolidate, I would think you would consolidate for higher quality of public services in the county and you would be looking for – I actually like the word "effectiveness" rather than efficiency. You want to – just look at the police and sheriff's departments in my city – I don't want – you have got a great sheriff and a great public safety director, police director, so you are really in kind of an interesting place here – but in our city, there was – how do I say this – there was – the most important unit of effectiveness in public safety, it seemed to me, was the police officer on the street and the detective and if you didn't support their work, you ought to be on the street, right? But over time, these departments – the way you got promoted

was you got to go inside. So there were jobs that should have been civilian jobs were police jobs and there was too much administrative structure, etc.; you can fill in all of the blanks, you know better than I do. And so, the goal of this consolidation was to re-deploy these resources in a more effective way. It wasn't just to save money. It was to produce a higher quality of public safety or the like. So, I totally agree with the tenor of your question. That should be the purpose and it was, at least, what I tried to do when I was mayor.

COMM. WALKER: Thank you, Mayor Goldsmith, and before I begin my question, I would like to give your city a compliment. I have – I am a member of the National Baptist Convention and we met in your city on a couple of occasions and I must say, in my estimation, Indianapolis was one of the best cities we have ever met in and not just because of public officials, but your citizens. They were just so wonderful, coming up to you in restaurants and making you feel welcome, so I wanted to just say – express that sentiment. But I was wondering, what has, in your view, what has consolidation allowed you to accomplish that you could not have accomplished with your dual system?

MAYOR GOLDSMITH: That is a really good question and thanks for the compliment. We were delighted to host the convention. So, I think probably the most – I think there are two good answers. One is, I think we are more effectively managed in those consolidated service areas than we would have otherwise. Our park system and the street system and the like – I think those consolidated work forces are really proud professionals and I think they have accomplished a lot. Second, Indianapolis and Memphis are not dissimilar and you know, we kind of struggle on a world-wide economy and you know, we come from a base – our city was a manufacturing base, heavily dependent on automobile manufacture and trying to move forward. We had a downtown that was – there was nothing downtown and I had to make the case, as the chief elected official of the city, why folks in the county and the suburbs should care about their downtown. Why did they want a downtown? Why did they want us to look good? What was the purpose of that? And when we got through with that discussion, you know, we decided that we wanted a downtown – it was a psychological center for the city and it was a place where a lot of folks ought to get jobs and so we created – we used your money that you spent there, right, to create 40,000 jobs for a lot of service workers who would otherwise in a urban core neighborhoods, not have jobs. And so you say, well, should folks in the suburbs care about that? The answer is yes, they care. They are good hearted folks and they want people to have jobs. And the fact that there are jobs, is good for them and good for the people that have the jobs. So, making that case, doing those economic development transactions, with the authority I had, I don't think would have occurred in a more fragmented situation. So, I would say it is economic development and effectiveness, if your elected leader and the people that are working with him or her want to use the tools to create effectiveness and \*\*\*...\*\*\* public services. Now, it is not to say that you can't have really efficient small units of government. I mean, I am not a believer that bigger is necessarily better, except in some services, scale does make a difference and those are the ones, I think, we chose.

COMM. GRIFFIN: Thank you, again, for being here today. I have a question. As far as identity-wise, prior to consolidation, how did you all identify – how did the Indianapolis and then you identified – you mentioned – you described the other cities or the other areas as smaller units of Indianapolis? I guess I am wondering, how did you all identify yourselves? Was it an us versus them kind of thing before consolidation? Or was it a “this is a, you know, the metropolitan – this is the Greater Indianapolis area and we want to do something, or was it an us versus them struggle before consolidation?

MAYOR GOLDSMITH: Well, I was in high school in college, mostly high school, and I think the – and we had the -- let me get the terminology just so we can – because it was a lot like your situation. We had a county named Marion. We had a city named Indianapolis and now we got a bunch of other cities in Marion County, and then we have got areas inside Marion County that weren't in any city which, since they were incorporated, they were controlled by the county government. County government had a typical – we didn't call them mayor – county executive, I think, and a set of commissions. So, the best known official in the city at the time was the mayor, but the mayor was increasingly mayor of a smaller and smaller percentage of the total population in that area. At the time Indianapolis consolidated, the city was mostly African American and the County was mostly White. And there was the same set of issues that Louisville/Jefferson County had about which set of political officials are going to win and which set of political officials are going to lose and there was not any shared sense of mission for the region. I'm in the county, you are in the city. My life is okay, I don't want to get mixed up in this. And it was only because, in my opinion, that then school board president and eventually Mayor Dick Lugar decided that he wanted to make the case about why it should be consolidated. But it took a while, very long while to develop a shared sense of mission which I think we have today. So, it was not friction-free. \*\*\*...\*\*\* it had a few elements of that for a period of time, mostly based on – it is not fair to say it was mostly based on racial issues, but it was mostly based on kind of where you live which happened to have a racial tinge to it.

COMM. SANDOVAL: Mayor, like my colleagues, thank you for visiting Memphis. I loved the way that you put it that we should approach this as restructuring government, not necessarily consolidating. Is there a magic formula of sorts that you used that you can share with us to determine what you guys actually decided to consolidate and what was kept with the different jurisdictions? Like was it population driven? How did you make that decision to draw that line of what needed to be restructured and what needed to remain?

MAYOR GOLDSMITH: Well, it is a little different because I inherited it and didn't negotiate it. I – I don't know the answer to your question.

COMM. SANDOVAL: What advice would you give us?

MAYOR GOLDSMITH: Okay, that is easier, I think. I think if you look at where scale is apt to make difference – I mean, how many, Mr. Washington, public safety call centers can one county have? In other words, If you have areas where there is a common

service to everybody in community and you have got multiple levels of hierarchy, and there is a technology cost involved, those seem like really ripe areas for consolidation. And I think the model in the Indianapolis – I don't know how they got it, but I think it was probably right, that with a few exceptions, the park system maintenance got better because it was more professional; that the street got better; that the land use – but I would think about it in the other direction, which is one of the most important things that a charter commission could produce through a new charter for the citizens of Shelby County and Memphis and that feels like more transparency, more – higher – a better infrastructure for maintaining the high ethics like the mayor's new promulgation; how you insure that there is one law enforcement plan for the city and the county; you know, a unified plan that protects everybody; and then kind of back into that. Now, also, but there are plenty of services that don't have scale to them. And I would build a charter that allows services to be provided at a smaller geographic area so that the included cities have a set of functions that they don't lose, but they also could have other functions upon – I mean, why couldn't a consolidated city/county council decide that the town of blank should be delegated authorities which the consolidated county had the right to do like code enforcement which is as I did. So, we had consolidated code enforcement and I just thought the code inspectors weren't being responsive enough to the small cities, so we contracted with them to do their own code enforcement. Similarly, they wanted to get out of the – they became customers to the water and waste water business. It is a long way of saying, I think the more technology and the more professionalism in the departments that are applicable, the better scale is to be reached and the more that you are going to use neighborhood groups, neighborhood organizations, neighborhood feedback loops, neighborhood responsiveness, particularly in the land use issues, the better it is to kind of think about decentralizing it, but it doesn't help you much..

COMM. ORGEL: I know you were in high school, mostly, some college. The and I looked up your age, so she gave you like a 15 year bonus less than what you actually are, so that is –

MAYOR GOLDSMITH: I think I am offended by the preamble of your question.

COMM. ORGEL: I was just – that was an aside, but where would Indianapolis be, in your opinion, if it now was, exactly as you said, demographically split? I don't know exactly the demographics – I think we looked at before, I just don't – I actually had somebody else looking for that – where would Indianapolis be if they had not taken the measures to consolidate the government, in your opinion, decades ago?

MAYOR GOLDSMITH: Well, I think, in the short run, you can be a -- a short term urban loss, can be short term suburban gain. But a long term urban loss is a long term suburban loss. You cannot be a thriving suburb of a hollow shell because it is -- not only is it kind of morally unfair to the folks who are trapped inside with lack of opportunity, but it is economically threatening to the region as well, because you need to create a platform for productive growth and I do not think that Indianapolis could have accomplished what it did, either in economic development or land use planning or the

resilience of urban neighborhoods or the job interest, had it retained all of those different units of government and had everybody without a shared mission for what they wanted to be and what that should translate to is a thriving, productive core where folks have jobs and opportunity and benefits the area. So, I don't think that the old city of Indianapolis could not have rejuvenated itself with the declining population base and land mass and multiple voices, all competing for where the jobs should be located, that it ended up having as a result of consolidated government. But I would have to say, though, we were a little bit like you. We were very fortunate – before me, we had the mayor – every one of the mayors of the consolidated city and county that were elected were very talented people, at least before me. They were really talented people and they used their authority wisely. So, my caveat is we are a lot better off than we would have been, but it is not just the structure, it was the people as well. You know my economic – you do this, I think, already today – but to me, my suburban residents supported this. If you want to locate a business in the urban core, in a brown field area or an area of high employment, then the city will be aggressive with tax abatement programs and tax incentives and infrastructure. If you want to locate in an affluent suburb, I would love to have you there. Go there, I will come cut the ribbon, but I don't need to subsidize you. You say, is this good for everyone? Absolutely it is good for everyone. We have redevelopment in an area that would otherwise have been ignored. We are using our tools that we can \*\*\*...\*\*\* to create jobs and – nor are we telling people that they cannot locate in the suburbs. We are just saying that we need to point a lot of energy towards the urban core. So, those tools, I think, were very important tools to have.

COMM. FOWLKES: What is the demographic breakdown of consolidated Marion County?

MAYOR GOLDSMITH: The city is – the city/county is probably 30% African American. I don't know the Hispanic percentage. It has grown a lot since I was mayor and the city is probably – the old city is probably still less than half of the county. In part – this is – I don't know which way this works, but a number of African American families in the core of the city have moved to the suburbs inside – stayed in –

COMM. FOWLKES: \*\*\*...\*\*\* not part of the consolidation?

MAYOR GOLDSMITH: Yes, so we have a racial integration in our residential neighborhoods which is good, but we still have a lot of poverty concentration in some of the older parts of the city which is not so good.

COMM. FOWLKES: How were you able – I don't mean to hog the floor – but how were you able to cut taxes, do all of the infrastructure improvements that you did while you were mayor and create the jobs and provide the incentives economically to the companies to move there?

MAYOR GOLDSMITH: Well, we didn't provide incentives to everybody – we didn't buy every company. Some just decided they liked our community and came, but – to the

Chairman's question, we were relentless about measurement and innovation and competition; a) B) The public workforce, when subjected to competition, became enormously more productive but the number of managers was sharply reduced. So, government has pretty large bureaucracy. When we gave the workers tools and activity based costing and consulting services, they figured out how to double their productivity, but they also figured out how to get rid of about 70% of their supervisors. So, at the end of my eight years, we had 40% -- we had a 40%, mostly in attrition and buyouts, but some in -- a few in layoffs of the management and no forced layoffs of labor. So what we did then, is we harvested the savings and used that to sustain -- probably more boring than you want to do, but I -- when I got elected mayor, the chamber of commerce gave me this document that said you owe of a billion dollars in infrastructure if you want to save the city, roads and bridges and sewers. And if you want to have economic development, we need a billion dollars in infrastructure which is crumbling. And I had just run on this campaign that says we are not -- our property taxes are not competitive to the next ring out, right, so we cannot raise taxes because that is self-defeating. So, they said, great, don't raise our taxes, and we want our billion dollars. So, it seemed like a no win. But it wasn't. It was actually a mandate for change. And so, as I saved the money, I used that to amortize debt, so the billion dollars was not -- I have used apples and oranges to save time, but the billion dollars was like 20 years of --

COMM. FOWLKES: \*\*\* ...\*\*\*.

MAYOR GOLDSMITH: Right, because I used the savings every year to amortize the debt so I could borrow the money without using property taxes to inject into the public capital. So, that is essentially how it happened. I have a much longer story, but I will use it some other time.

COMM. STRICKLAND: Thank you, Mayor. As a former Hoosier, I welcome you to Memphis.

MAYOR GOLDSMITH: Oh, thank you.

COMM. STRICKLAND: I was born in South Bend.

MAYOR GOLDSMITH: South Bend.

COMM. STRICKLAND: \*\*\* ...\*\*\*. You told us several things that you liked in the charter, are there two or three or four things that were in the charter that you wished were not in the Charter?

MAYOR GOLDSMITH: I don't want to -- I am trying to resist the temptation to be flippant here about anything in the charter that encumbered my authority, I found to be unnecessary, but probably not how you meant the question. No, I think we had, even after consolidation a few more boards and commissions than were necessary; lots of neighborhood -- I like the neighborhood boards and commissions and advisory groups, but you know, the dozens of other quasi-public -- you know, there was a -- every

department had an advisory group and then had a, of course, a council committee over it and I think we had a few too many of those but I think, all in all, the Indianapolis structure worked pretty well. There were adequate checks and balances from the council. The council had its own staff and authority. I wouldn't have wanted it in Indianapolis, but I think probably, it is prudent for consolidated cities to make sure there is a strong CFO, IG and accountability measurement systems so that folks know just how much they are spending, but what results they are getting and can be publicly transparent. But I don't think – we had a quasi-government – what we called capital improvements board, the convention center board that owns the Lucas Stadium where the Colts play and where the Pacers play and the like and I appointed much of the board, and the council appointed others and I thought that worked reasonably well. I guess, the one – now that I am talking to myself, the one thing that was a mistake, I think, is there were some of these boards, quasi-governmental organizations that had their authority to raise taxes. The library board had the authority to raise taxes. The transportation board – board is the wrong word, quasi-government corporation – the transit could raise its taxes; the library could raise its taxes and one other that I will think about in a second could raise its taxes. And I think that is not healthy because you should raise taxes, right? And you and I should be held accountable, but if you have a single, specific responsibility, then you don't have to evaluate the trade-offs. Because it is more money for your particular unit is always the right thing to do. If you are on the library board, your job is libraries. It is not economic development. It is not kind of – so I would – I would be careful about the ability of quasi-governmental organizations to have the authority to raise fees or taxes without mayoral/consolidated council authority because you are responsible to the whole public for all of those functions and the narrowness of those units, I think, was quite problematic.

COMM. STRICKLAND: How important was flexibility to the charter, assuming it is going to last 40 years or more? How concrete should we be, versus giving the mayor flexibility \*\*\* ...\*\*\*.

MAYOR GOLDSMITH: Well, it is a pretty dynamic world. The chances of you all getting it exactly right for 40 years from now is pretty remote, despite your obvious intellect. But you just cannot do it, right? I mean, it is just impossible to do. And so, I think there needs to be enough structure that if you get a political official that is not of the quality of your current group – and this is a pretty remarkable group of elected officials you have at the top here in this city and county now, today, that you have some ability for you to get information as a council, right, you understand the things I have talked about. So, I think those structures ought to be baked in because there are – people – mayors will not want to be held to that scrutiny, but the goods will manage and the bad ones need to be called on it, right? But to the extent that the council – authority can be reserved to the council to make modifications in the structures outside of kind of the basic rules of accountability and ethics and transparency. I think that would be very healthy. I mean, for example now in Indianapolis, we are trying to think of – we are in the process, the council will have to decide whether it wants to do this – of taking the quasi-public gas company and the public water company and the public wastewater company where we have private management, but publicly owned assets, and

consolidating them into one. And they were designed in the original charter as three, but they are going to be a lot more efficiently operated as one. They may be operated by an outside provider or inside provider, but they ought to be operated together. So, the council has the authority to do that, if it wishes. It wasn't envisioned in the original charter, but it was kind of built in. I think that sort of flexibility is helpful.

COMM. PATTERSON: Mayor Goldsmith, how are you?

MAYOR GOLDSMITH: Fine, thank you.

COMM. FOWLKES: Commissioner Orgel had mentioned a little bit earlier, and correct me, if I am wrong, that he didn't find too much specifically written with regards to economic development. We obviously faced with the task of delving into all of these different components of government and finding out, ultimately, what we are going to put into the charter and what we are – depending upon the language we put in there, we find when speaking with different mayors or former mayors or representatives from these benchmark governments or these consolidated governments like Jacksonville and Louisville, Nashville, etc., that each one of their charters are different as far as what they put in there and what they left to the legislative body, etc., etc. Can you cite a couple of examples from your charter of what was stated specifically in there, and potentially, why that was chosen to be actually stated specifically in that charter? We are faced, a lot of times with, should we put it in there because once you put it in there, you can only change it by referendum or should we leave it and let the language dictate what to do with it.

MAYOR GOLDSMITH: That is an excellent question, Mr. Vice Chairman. I think probably, to be fair, I would like to research that and respond in writing, particularly to those who drafted what we are calling the charter. Generally, there was very broad economic development authority granted to the, what was called the Metropolitan Development Commission of the City of Indianapolis. It had broad land use authority, and economic development authority, and tax abatement authority and it also had the authority to kind of create and authorize organizations. So, when I was doing the downtown redevelopment, it became important to have an entity that owned all of the parking garages. And the reasons I didn't want those to be owned by the city per se, which are kind of unimportant here, and the commission had the authority to kind of create that entity; and establish the rules for it. So, I think that flexibility was quite helpful. The city/county council had the authority to allow me to create an economic development corporation and to appropriate money into it. It wouldn't have done me any good to create it, if they wouldn't appropriate. So there was a check and balance. So, like I couldn't sort of run off and kind of do things with city money without the council's approval. And so we had authority to create new entities and the council had authority to appropriate money, particularly in economic development, to those entities. And it had authority to delegate its tax abatement authority, if it wished. It didn't – this is – very rarely did this, it is more tax increment financing authority than abatement authority in important areas. So, that's the context of the answer and I will try to get you a more exact answer.

CHAIRMAN ELLIS: I have one final – when you are looking at size and we have to write a legislative body, would you comment on numbers that you worked with, numbers from the mayor’s office, numbers of legislators in the council?

MAYOR GOLDSMITH: There is a lot of debate about that. Many of us who are mayors think, you know, an extremely small council would be better. I think actually – we had 29 – I found the number in Nashville almost unimaginable, actually because councilmen have a right to be briefed by their mayor and the mayor – I don’t know what it was – 45 or – I mean 29 kept me pretty busy and that is with a person on my staff whose job it was, full time, just to try to brief the council and deal with the council. But I thought 29 was okay. In my city, I actually liked – we had four at large and 25 districts. I thought the four at large were really important because, by definition, the district representatives represent a district and some issues need somebody other than the mayor to help sell it. So, I thought that 29 organized in their committee structure the way it did with a council president was a pretty good number. Most mayors, if you ask that question to would say 15. All right, I can deal with 15; I can talk to 15; I can brief 15; 15 is sufficient, but I didn’t have any troubles with 29. I had a council that was – my council was split pretty closely Republican/Democrat. And one of the great things about Indianapolis – up to maybe today where things are getting a little rockier is that Republicans and Democrats when it was good for the City of Indianapolis, could agree, right? The Democrats would disagree with the Republicans on philosophy and they would disagree with me from time to time, I was a Republican, but if I took the time and explained why it was in the best interest of the city, I never lost a vote and I never vetoed a piece of legislation, never needed to do it. I had a lot of people who were against me and they were very outspoken and they weren’t passive it all. They wanted to be briefed. They made the deals better as a result of the challenge, but when I got to the right place, they didn’t have any problem. So, I think if the council is broad enough that it will allow – I don’t mean to say also – the fact that it was 29 and I think most people would say that was a little large, but it did allow the following to occur. There would be coalitions that would form around projects that were Republicans and Democrats. So, it provided – and they would move from project to project and issue to issue and whether we deregulated the taxi cabs – I mean they would change. So, I like a number that is large enough for proper representation. In a consolidated government, many people are worried that their voice will be lost in the consolidated government. If they have their own person representing them, that person can take care of their local interests and therefore, 29 was not a bad number.

CHAIRMAN ELLIS: I have two final questions and then I will make sure that the \*\*\*...\*\*\* because we have grilled you for a while. Would you comment about a vice mayor? Did you have a vice mayor in Indianapolis? It is not something that we have ever had, but I would like to know your thoughts and then also, partisan – it sounds like you are – we have partisan elections – that is something we are considering, partisan and non-partisan – if you would comment on that.

MAYOR GOLDSMITH: Let me – it depends on what you mean by a vice mayor. I had deputy mayors I appointed and I hired and I fired. And to the extent that a vice mayor is

a statutory position, it is a nice way to get political compromise during a consolidation period, and it strikes me as a really bad way to govern, right? I would like to say yes, but you want to have – I mean, the whole goal here is to have somebody that the council and the voters hold responsible. So, if the vice mayor has – I think the mayor needs to appoint the people that are in his or her cabinet and hold them responsible and then be held responsible in turn. So, I can understand why people would want to have a vice mayor, but I like deputy mayors appointed by the mayor better. You know, obviously, some cities have – strong mayors have chief operating officers. I think that tends to be a really good thing because there are not very many of us who are good both at outside – managing all of the outside stakeholders and managing the inside voices at the same time, very difficult process. So, a really strong COO is important as well. Most of the recent activity has been non-partisan elections in consolidating – you know, more and more cities are moving to strong mayor forms of government, away from city managers. Those are tending to be non-partisan elections. There – most of them are only nominally non-partisan elections. I mean, by \*\*\*...\*\*\* know he or she is Republican and this person knows he or she is a Democrat. I think there is something to be said for non-partisan elections. I think the big risk in large cities is the same party, the same group of people ruling for a really long time without the competitive pressure that – democracy is a really great thing, you know? And the pressure of democracy is a very cleansing thing. So, if you can get there through non-partisan elections, that are truly non-partisan, that is great, to the extent that they just become names for partisan elections, then it doesn't accomplish too much. Okay. I thought I was done.

COMM. FOWLKES: Just one more question. You had mentioned before that with regards to – maybe there were too many boards and commissions written with respect to your charter. As you know, we have quite a few boards and commissions here through the city and throughout the county. Can you talk a little bit about the environment? Maybe you can shed light on before consolidation with regard to Indianapolis and the efficiencies or inefficiencies with the many boards and commissions that were in existence. Was the consolidation process able to clean that up a little bit or not at all?

MAYOR GOLDSMITH: Well, it cleaned it up a little bit because there were – to the extent that there were multiple departments – each one had an advisory board or a commission and so just the nature of putting them together, reduced the number. I want to be careful about this, though, because to some extent, a very large number of highly involved, active neighborhood organizations that provide input is a really good thing and it reduces the chances of a bureaucracy making a mistake. It is when there are a lot of public boards, all of whom have authority, and they exercise the authority, the purse, or the decision-making of the – of your power, that becomes more problematic because it means – I mean the goal here of a consolidation, again, is to have lines of authority and people can hold them responsible and if you have – I was the chairman of the Anacostia Redevelopment Corporation in Washington DC for Mayor Williams, who is a friend. And in Indianapolis, you know, many of the boards acted – pretended to act independently, but when we reached a community decision, they would fall into place. In Washington DC, it looked like every – I mean it looked like the

neighborhood – the Neighborhood Commission had one set of activities and the sports commission had another set of activities and the economic development commission had another set of activities and when they disagreed, they just disagreed. And it was not like they were working for a common goal. I don't think I am disclosing any secrets. So, I think it is important that the authorities that control real decision-making be very carefully thought out; who appoints them and what they can do and how they exercise professional judgment, but not independent of the core mission.

COMM. KERLEY: I have a question, but first a compliment to your town, your city, I should say. I had a very good friend here that moved to Indianapolis because her husband was transferred and she was a true southern girl and thought she was going to die going north, I mean, I am just going to die, I cannot do it, I can't do it. And the only way her husband convinced her was – and I thought about this when Commissioner Strickland made his statement – she is Catholic as I am – and she said he told her that she was getting that much closer to “touchdown Jesus” so that was the only thing that got her up north and now I couldn't move her back here for anything in the world.

MAYOR GOLDSMITH: You didn't really compliment, you just told me I was kind of a way station on the way to Notre Dame, right?

COMM. KERLEY: She is happy being that close to the way station. She is very happy with it. Clay Bailey is laughing, but he is Catholic, too; he knows what I am talking about. One of my biggest concerns, I know it is a concern for other people on this commission, is educating the public as to what we are doing and making sure that they get the correct information. We have got great newspaper coverage. Unfortunately, they may only be given 50 lines when they need to write a 100 line release. And so, some things are possibly shortened, where, if you are not at these meetings, you may not understand the entire gist of what we are talking about. Commissioner Ellis and I, Chairman Ellis, we went out and met with the mayors in the municipals, the municipal mayors and we are trying to organize some meetings with the townspeople. Do you have any suggestions as to something that was effective for you and for your residents, to make sure that they kept up with all of the information because this is not the most popular subject to talk about and a lot of people are scared and very concerned? And they have legitimate reasons to be concerned and some times they have been hyped out a little bit, some of the concerns. We would like to make sure that whatever we do here gets out as best possible. Do you have any kind of recommendations for us, besides the things that we are already trying to tackle?

MAYOR GOLDSMITH: Well, there is no natural constituency for consolidation. There is no natural constituency for privatization. There is really no natural constituency for how you manage a city. What people care about is the quality of their lives. And I don't mean any parochial or narrow sense, I mean, you know, is my life going to get better? Is my neighborhood going to get better or not? So, let's think about what that means. That means, are my taxes going up? Are they going down? Or are they staying the same? Is consolidation really another way of saying you want my money to subsidize a problem? So clarity on the tax issue is a really important one. I don't mean to give you

an answer that you don't already know, but I am just – you asked me to kind of think about it and when we tried to merge the police and sheriff, this was a very complicated issue because the folks in the city were paying for the police chief and the sheriff. And the folks in the county were only paying for the sheriff. So, one group was paying twice and one was only paying once and how to equalize those was very complicated because if equalization means that I am going to pay a lot more, that was very difficult to manage. There had to be extreme clarity about that issue. Next, I think this police/sheriff thing is complicated because there is a feeling that the somebody else's criminals are coming to my neighborhood because we are now consolidated. And if you concentrate on that message for long, it makes, obviously, no sense. The criminals play only inside the jurisdiction where their cops play, right? So – but some evidence that consolidation results in more men and women on the street, better sharing of intelligence information, the more accurate management of the peaks and valleys of the force; more active intervention in gangs that roam the county, not just the city. So, how the resources freed up, from an intelligently-done consolidation produced more effective crime fighting can, I think, trump the natural concerns that maybe my law enforcement situation is going to go down. So, to me, it feels like jobs, taxes and crime and not consolidation, to the extent that those things get better, and then finally, I should say, in fairness, when I got elected Mayor, the percentage of people who live now in the consolidated city was – so, in the 20 years between the consolidation and the time I got there, a lot of people figured out that if they didn't like life inside the consolidated county, they could move. It was not like they – once we consolidated, they were told they couldn't move to the next layer out; and a lot of folks did. So, then I get elected. I am elected as a Republican in a half Republican, half Democrat city and I got elected because I wanted to restore the urban neighborhoods. It was really kind of curious. I really wanted to devote all of my time and energy to the folks that didn't vote for me. And so, I had to convince the people who lived in the outer – inside the city but in the – what was the county before it was consolidated – why this made sense. I spent forever going to every neighborhood organization, talking to everybody, and you know some folks didn't agree with me, but in the end, if I said, "Look, you know economic opportunity and hope for the people in the center part of the city is not only morally right, but is economically in your very best interest. And we have got to spend resources and repair those roads or repair those parks and restore crime fighting and this is in your best interest and eventually, and I think Indianapolis and Shelby County/Memphis are a lot alike, a lot of good folks who are just kind of worried about what is going to happen, I think the message prevailed and I think that is the challenge in a consolidation, to make sure everybody thinks they are going to win and not group is going to lose and the other one is going to win.

CHAIRMAN ELLIS: I want to thank Mayor Goldsmith. I also want to announce that he has published a book \*\*\*...\*\*\*. I tried to buy it at three bookstores in Memphis, Tennessee, nobody has it yet. But I have ordered 15 copies so that each person on this Commission will have a copy of your book, when and if Memphis can get it. It is called *The Power of Social Innovation*; and we thank you so very much.